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NPTA MANAGEMENT NEWS

VOL. XXXII/NO. 2

Published by
National Paper Trade Association, inc.

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NPTA Management News (ISSN 0739-2214) is published monthly by the National Paper Trade Association, inc., at a subscription rate of $15 per year. Second-class postage PAID at Great Neck, NY, and additional mailing office. POSTMASTER: Send address changes to *NPTA Management News*, 111 Great Neck Road, Great Neck, NY 11021. 516-829-3070.
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Mills Quicken Pace of Wastepaper Usage

Manufacturers will increase their usage of wastepaper to 7.2% per year over the next three years, according to the new API capacity survey.

Making progress on its goal of recovering 40% of all paper consumed by 1995, the paper industry plans to expand total wastepaper consumption at a pace averaging 7.2% per year over the next three years. That's an increase from the 5.9% average annual growth rate projected last year for the 1989-1992 period.

In its annual capacity report, the American Paper Institute reveals that consumption of wastepaper at U.S. mills, led by old newspapers and mixed papers, is now growing at a rate more than twice that of all other fiber sources. By 199? paper is expected to reach 29.3% fiber consumed at domestic mills.

To achieve this growth in wastepaper consumption, pulp, paper and paperboard firms are investing in new recycling facilities, which will increase consumption of wastepaper by more than 5 million annual tons over the period reported.

In 1993, if mills operate at full capacity, 27.1 million tons of wastepaper will be processed and used to manufacture new paper and paperboard. Additional recycling projects could result in even higher levels of waste paper consumption.

The mills' recycling efforts is good news for the industry and its customers, comments John Buckley, president of NPTA. However, regulations must be eased to quicken the pace of installation. "The recycled capacity increases announced in API's study are significant, market-justified and socially responsive. A maximum development of recycling facilities is a key element in the future plan."

"But the entire industry needs to work together towards simplifying and reducing the mounting government regulation required for building and locating these facilities," he notes.

$82 Billion Invested Over 10 Years

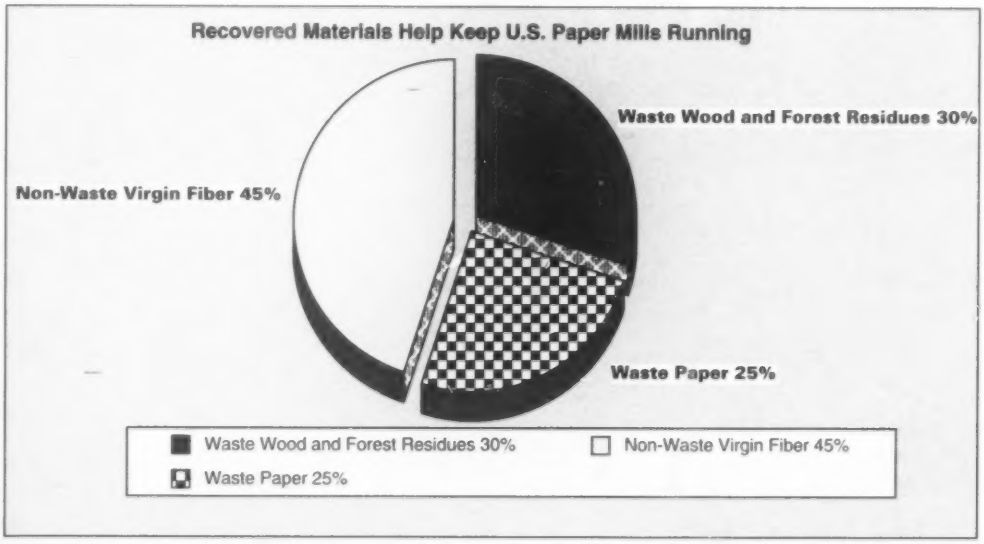
Mills continue to modernize older plants and/or invest in new facilities. According to the survey, by 1989 more than 60% of all primary manufacturing plants had been newly installed or significantly upgraded within the past 10 years. This represents a total capital outlay of more than $82 billion from 1980-89. Net gains in manufacturing capacity during this period include 16 million annual tons for paper and paperboard and 13 million tons for wood pulp.

Capacity for paper and paperboard is expected to increase this year by 1.88 million tons, or 2.3%, to reach 84 million tons, the survey goes on to say. Expansion projects—18 new paper machines, including 10 designed to utilize wastepaper—should yield 7.4 million additional annual tons of capacity over the next three years. This represents a rate of increase in capacity averaging 2.9% per year.

Fine Paper Grades Reach 2.5 Million Tons

Expansion of printing and writing paper grades

(Continued on page 18)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Non-Waste Virgin Fiber 45%
Waste Paper 25%
Waste Wood and Forest Residues 30%
Non-Waste Virgin Fiber 45%
Waste Paper 25%

should be consistent with what has occurred in the past. Capacity growth should average 3.4% yearly. And the industry total should grow by 2.5 million annual tons to reach 26.4 million tons in 1993. Five new paper machines are scheduled to be brought on-line this year and in 1993.

"Suppliers are to be commended for their continued expansion of the industry in light of the near term economic conditions," NPTA's Buckley observes. "The increase of printing and writing grade will add significant tonnage to the marketplace."

On the unbleached kraft paper front, the permanent shutdown of several small older machines will offset capacity increases from a new machine that was launched late last year. Overall, capacity should dip slightly to an annual level of 2.7 million tons in '93. Rising imports and new output of recycled kraft paper will fill the increase in demand for kraft grocers bag and sack papers.

After a 3.1% capacity jump in 1990, tissue producers will add 373,000 annual tons of new capacity over the 1991-1993 period. These additions will yield a 2% annual average rate of increase. This continues a long-term growth trend that has averaged 1.9% annually over the previous 10 years.

Containerboard Jumps 2.8%

During the next three years, capacity for all containerboard products (except solid bleached linerboard) will grow by 2.4 million annual tons—from 28.2 million tons in '90 to 30.6 million tons in '93. This gain represents a 2.8% yearly increase rate, close to the grade's historical annual rate of 2.7% over the past decade.

Capacity for recycled linerboard, made exclusively from wastepaper (or with a high wastepaper content) is expected to swell at a high annual rate of just over 39%—reaching 1.4 million tons in 1993.

As for solid bleached paperboard, the start-up of a new paper machine and other improvement projects will add 670,000 annual tons of new capacity over the three-year period. This will yield a 4.6% annual average rate of increase, according to the report.

Capacity for recycled folding boxboard and other consumer and industrial grades is expected to escalate 4.2% from now through '93. More wastepaper is consumed in the manufacture of these recycled paperboard grades than in any other product in the industry, the API study points out. Last year, these grades accounted for one-third of all wastepaper consumption. ■

Copies of the survey are available from API for $350 each. Write Capacity Survey, Department CMS, American Paper Institute, 260 Madison Ave., New York, NY 10016; 212-340-0600.

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Quick Printers Allot 50% of Budget to Paper

In the country's quick print shops, six of the top 10 buys in terms of dollars last year were paper-related, according to an industry survey.

Quick printers spent almost half of their budget last year on paper stock.

Among the top 10 purchases in terms of dollars, paper occupied six of the positions. Uncoated offset paper ranked second only to health insurance in 1990 average dollar purchase—$10,250, up from $7,504 in 1987. (See Chart #1, this page.)

This is only some of the information gleaned from the "1990 Supplies & Services Survey" conducted by *Quick Printing* magazine. A copy of the report was obtained by *Management News*. The study is based on questionnaires returned by 226 printers and updates research that was conducted in 1987.

Of the $128,685 quick printers spent on 48 items in 1990, an average of $63,609 was earmarked for paper, according to the 1990 results. In addition to the $10,250 spent on uncoated offset, these shops on average bought:

- $9,532 worth of bond paper
- $9,400 worth of copier papers
- $7,293 worth of text papers
- $7,053 worth of coated offset paper
- $6,332 worth of carbonless paper.

The other three positions in the top 10 purchases were held by three brokered items: business forms, business cards and wedding/social stationery.

In terms of those supplies most frequently purchased, not too surprisingly, paper ranked at the top. Indeed, 100% of the respondents indicated that they purchase bond paper, while 99% said they bought uncoated offset papers, cover stocks and unprinted envelopes. Ninety-eight percent purchase carbonless papers, 95% purchase text papers, while 89% purchase copier papers.

Pressroom supplies also ranked high among those items most often purchased, the survey reveals. Blankets, ink, press/blanket wash and fountain solutions were four items bought by 99% of respondents.

CHART #1

Dollar Purchases by Ranking

Rank	Item	1990 Average Dollar Purchase	1987 Average Dollar Purchase
1.	Health Insurance	$11, 271	$5,425
2.	Uncoated Offset Paper	10,250	7,504
3.	Bond Paper	9,532	13,428
4.	Copier Papers	9,400	7,310
5.	Business Forms	7,838	11,418
6.	Text Papers	7,293	4,759
7.	Business Cards	7,222	6,985
8.	Coated Offset Paper	7,053	4,369
9.	Carbonless Paper	6,332	5,403
10.	Wedding/Social Stationers	5,384	4,665

Source: "1990 Supplies & Services Survey," *Quick Printing* Magazine

Expansion on the Horizon

Quick printers number in excess of 35,000, according to a 1989 study entitled "Quick Printing: An Industry Overview" by Rob Schweiger, founder of *Quick Printing*. In virtually every study conducted by the magazine, the majority of respondents said they expected to expand in the future. Such growth usually was fueled by plans to either add another location or by increasing the square footage at their existing shop.

Just what makes a quick printer? In 1978, the National Association of Quick Printers defined the industry as "that segment of the commercial graphic arts which features equipment and facilities capable of providing while-you-wait service for reproduction of jobs for 1,000 or less copies which require no preparation. It includes copying, duplicating and printing on paper sizes up to 11" x 17", usually in black ink."

However, customer demand is changing how a quick printer operates. Quick printing certainly is no longer just "while-you-wait," according to the industry overview. A majority of jobs are those that are left by the customer, to be picked up either the next day or several days later.

As desktop publishing systems

become further ingrained in our business culture, there may be a return to while-you-wait service as more and more customers bring in their PC-generated disks to run out on higher quality, more sophisticated laser printers.

Furthermore, quick printing is no longer limited to 1,000 or less copies, Schweiger continues. In fact, a substantial number of orders received in quick printshops are far in excess of 1,000 copies.

Black printing on white paper still remains the basic job for the quick printshop. The trend toward producing more and more of this type of work on high speed copier/duplicators rather than on offset presses should continue.

Plus, the basic black ink type of job is no longer the bread and butter of a quick printshop. Color copying and color printing are two definite trends of the future for this industry.

The median shop produces about $250,000 in sales per year, according to the 1989 study.

Experienced Hands Needed

Finding experienced workers is quick printers' number one concern, the overview states. According to one respondent, "The massive push for more outlets by all major franchisors has diluted the quality of owners and workers alike. The misapprehension is that printing is an easy field. It certainly is not that! Additionally, there are insufficient quality workers to man this added expansion."

Consequently, merchants may be wise to offer their expertise in printing and paper selection as a value-added service to these customers.

Schweiger's overview forecasts several trends, among them are:

- **Run lengths:** Many quick printers will abandon the short-run market—500 copies or less—to in-house copiers. Expect this trend to continue unless quick printers themselves start using laser output devices and other forms of desktop publishing to retain this portion of the market. Seventy-one percent of quick printers in a *Quick Printing* magazine study reported that run lengths in their shop had changed

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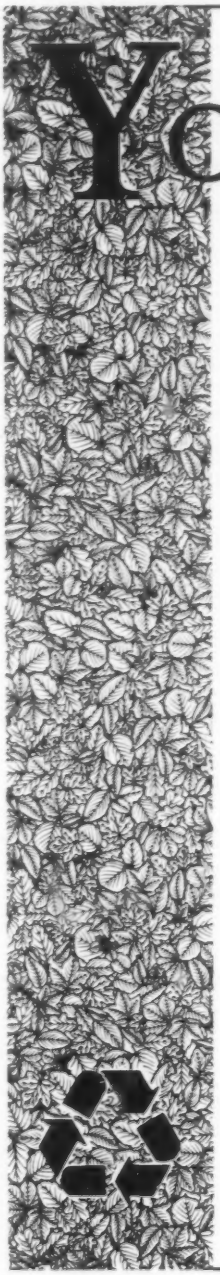

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over the past three years. In fact, many quick printers see a stabilization of average run lengths at 5,000.

■ **Color:** The demand for two-color printing is already here today, and quick printers have captured a large share of that market from the commercial printer. It will continue to increase dramatically. This move to two-color work is both customer-driven, as well as being fueled by suppliers with better duplicator presses.

Quick printers are even capturing more high quality color quick printing. By and large, this has been abandoned by the large commercial printers, the overview observes, because they are not equipped to do this type of short run, fast turnaround work.

■ **Black-and-white printing:** Black printing on white paper still remains the basic job for the quick printshop, primarily run on 8 1/2" x 11", 20lb. bond paper. The trend toward producing more and more of this type of work on high speed copier/duplicators rather than on offset presses should continue.

■ **Electronic facsimile:** Electronic facsimile is sweeping the quick printing industry, as well as the general business community. Virtually all suppliers in the quick printing industry have fax units, and a growing number of quick printers and their customers are adding them as well.

■ **Forms:** Manufacturers already are marketing forms presses to quick printers. The apparently insatiable demand by customers will force quick printers to provide more forms work, the study predicts. As quick printers continue to add desktop publishing capabilities, they will generate more forms origination.

■ **Four-color printing:** There has always been a void in the short-run color process market. Finally filling that void is the quick printing industry, the overview states. The real market for process four-color printing for the quick printer will be in "pleasing color," not "matched color." "Pleasing" color means you do not make the drapes in the ad an exact shade of blue; the meat in the hamburger the exact color of meat; the lipstick an exact red. New technology brings in the fast, low-cost market first. Then it moves to fast, quality later. ■

For More Information...

The 1990 *Quick Printing* magazine "Supplies & Services Survey" is available for $59.95. Contact Bonnie deCuba, circulation department, Coast Publishing, Inc., ZedCoast Center, 1680 S.W. Bayshore Blvd., Port St. Lucie, FL 34984; 407-879-6666. Information on "Quick Printing: An Industry Overview" is available from Coast Publishing at the same phone number.

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